



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 14, 1999

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor

FROM: Lynn Kunzler, Senior Reclamation Specialist

RE: Request for Approval of Redmond Minerals, Salt and Bentonite Mine, M/039/002, Sanpete County, Utah

The Division finalized the review of Redmond Minerals Salt and Bentonite mine, located in Sanpete County, Utah and tentative approval was granted September 10, 1999. The tentative approval notice was sent to the local newspapers on September 29, 1999 to begin a 30-day public comment period. No adverse comments were received for this project.

On March 5, 1999, the operator provided the Division with an "Interim" Letter of Credit #8957 issued by Zions First National Bank in the amount of \$228,000. The interim surety was required until the reclamation plan could be reviewed and approved. On November 22, 1999 an amendment was provided which increased the surety to \$235,100, as required by the Division's final review. On December 10, 1999, the operator provided a Reclamation Contract to accompany the Letter of Credit. Tom Mitchell checked the documents for accuracy on December 13, 1999.

Would you please sign and date the Reclamation Contract so we can issue final approval for the Salt and Bentonite Mine. The Letter of Credit does not require your signature. Thank you for your consideration of this request.

jb
Enclosure: MR-RC
M39-02.mem

FORM MR-RC
Revised January 7, 1999
RECLAMATION CONTRACT

File Number M/039/002

Effective Date Dec 15, 1999

Other Agency File Number n/a

RECEIVED

DEC 10 1999

DIVISION OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M-039-002
(Mineral Mined) Salt and Bentonite

"MINE LOCATION":
(Name of Mine) Redmond Minerals
(Description) Three miles north of Redmond
Utah in Sevier and Sanpete
Counties.

"DISTURBED AREA":
(Disturbed Acres) 90.1
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Redmond Minerals, Inc.
(Address) 6005 N. 100 W.
Redmond, Ut. 84652
(Phone) (435) 529-7402

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Parr Waddoups Brown Gee & Loveless

P.O. Box 11019

Salt Lake City, Ut. 84147

(Phone)

(801)532-7840

"OPERATOR'S OFFICER(S)":

Rhett Roberts President

Jason Nielsen Vice President

Jay Bosshardt Secretary

"SURETY":

(Form of Surety - Attachment B)

Bank letter of credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions First National Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$235,100.00

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Redmond Minerals, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-039-002 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

- 1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated Sept. 14, 1998, and the original Reclamation Plan dated Sept. 14, 1998. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.**
- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.**
- 3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.**
- 4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.**
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.**
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face**

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Redmond Minerals, Inc.

Operator Name

By Rhett Roberts

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position

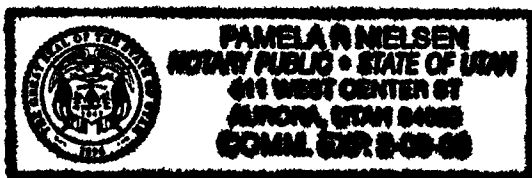
Rhett Roberts
Officer's Signature

Nov. 30, 1999

Date

STATE OF Utah)
COUNTY OF Sevier) ss:

On the 2 day of December, 19 99, personally
appeared before me Rhett Roberts who being by
me duly sworn did say that he/she, the said Rhett Roberts
is the President of Redmond Minerals
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Rhett Roberts duly acknowledged to me that said
company executed the same.



Pamela R. Nielsen
Notary Public
Residing at: Aurora, Utah

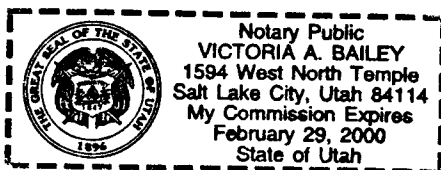
02-09-03
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 12/15/99
Lowell P. Braxton, Director Date

STATE OF State of Utah)
COUNTY OF Salt Lake) ss:

On the 15th day of December, 19 99,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: SALT LAKE CITY, UT

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

<u>Redmond Minerals, Inc.</u>	<u>Redmond Minerals</u>
Operator	Mine Name
<u>M-039-002</u>	<u>Sevier/Sanpete</u> <u>County, Utah</u>
Permit Number	

The legal description of lands to be disturbed is:

Sanpete and Sevier Counties

Portions of SW 1/4, Section: 13 Township: T20S Range: R1W

SE 1/4 of SE 1/4, Section: 14 Township: T20S Range: R1W

Portions of SE & NE 1/4, Section: 23 Township: T20S Range: R1W

Portions of SW & NW 1/4, Section: 24 Township: T20S Range: R1W

NW 1/4 of NW 1/4, Section: 25 Township: T20S Range: R1W

NE 1/4 of NE 1/4, Section: 26 Township: T20S Range: R1W

ZIONS BANK

Established in 1873

INTERNATIONAL BANKING
One South Main
Salt Lake City, Utah 84111 USA
Telephone: (801) 524-4916
Fax: (801) 322-5931

L/C No. 8957

November 18, 1999

IRREVOCABLE LETTER OF CREDIT NO. 8957
AMENDMENT

BENEFICIARY:
UTAH DIVISION OF OIL, GAS AND MINING
("DIVISION")
1594 WEST NORTH TEMPLE
SUITE 1210, PO BOX 145801
SALT LAKE CITY, UTAH 84114-5801

LETTER OF CREDIT DATE:
March 3, 1999

AMOUNT: USD228,000.00

Dear Sir/Madam:

We have been requested by REDMOND MINERALS, INC., ("OPERATOR") P.O. BOX 249 REDMOND, UTAH 84652 to amend the above referenced IRREVOCABLE LETTER OF CREDIT issued in your favor, as follows:

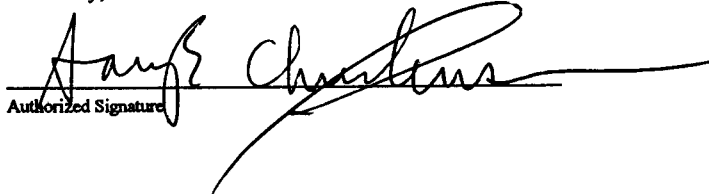
MATURITY DATE EXTENDED TO 01 MARCH 2001.

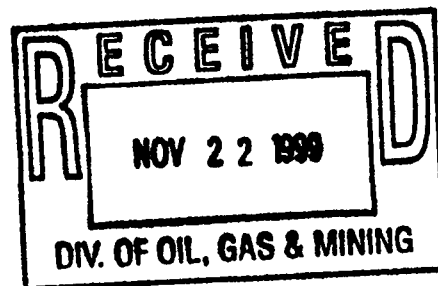
LETTER OF CREDIT AMOUNT INCREASED BY USD7,100.00 TO AN AGGREGATE AMOUNT OF USD235,100.00.

All other conditions remain the same.

* * * * *

Sincerely,

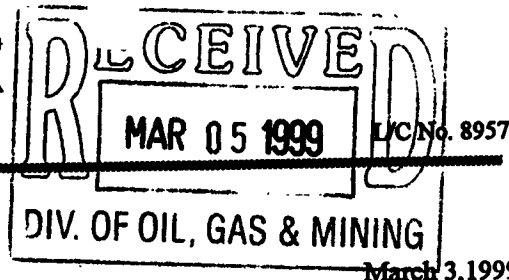

Authorized Signature



ZIONS BANK

Established in 1873

INTERNATIONAL BANKING
One South Main
Salt Lake City, Utah 84111 USA
Telephone: (801) 524-4916
Fax: (801) 322-5931



IRREVOCABLE LETTER OF CREDIT NO. 8957

BENEFICIARY:
UTAH DIVISION OF OIL, GAS AND MINING
("DIVISION")
1594 WEST NORTH TEMPLE
SUITE 1210, PO BOX 145801
SALT LAKE CITY, UTAH 84114-5801

EXPIRATION:
March 1, 2000 or any automatically extended date as
herein below set forth
SALT LAKE CITY, UTAH
AMOUNT: USD228,000.00

Dear Sir/Madam:

At the request of REDMOND MINERALS, INC., ("OPERATOR") P.O. BOX 249, REDMOND, UTAH 84652, Zions First National Bank ("Surety") hereby establishes our Irrevocable Letter of Credit in your favor up to an aggregate amount of Two Hundred Twenty-Eight Thousand United States Dollars (USD 228,000.00) to expire at our counters on March 1, 2000 or any automatically extended date as below set forth.

1. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS: (a) 5:00 O'CLOCK P.M. (SALT LAKE CITY TIME) ON 1 MARCH 2000 OR (b) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE REDMOND MINERALS, INC. OPERATOR FROM FURTHER LIABILITY FOR RECLAMATION OF THE REDMOND CLAY AND SALT MINE, NO. M/039/002 WITH NOTICE TO BANK OR SURETY BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.

2. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS THE SURETY GIVES NOTICE TO THE DIVISION 90 DAYS PRIOR TO THE EXPIRATION DATE THAT THE SURETY ELECTS NOT TO RENEW THE LETTER OF CREDIT.

3. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. 8957 DELIVERED TO THE OFFICE OF THE SURETY, ONE SOUTH MAIN STREET, SALT LAKE CITY, UTAH 84111. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.

4. IF THE SURETY RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 3 ABOVE ON OR BEFORE THE EXPIRATION OR TERMINATION OF THIS LETTER OF CREDIT, THE SURETY WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 3 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, SALT LAKE CITY TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE SURETY'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY.

5. THE SURETY WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE SURETY, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE SURETY'S CHARTER OR LICENSE TO DO BUSINESS.

6. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDIT, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500, AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME (UCP) IN THE EVENT OF A CONFLICT BETWEEN UTAH LAW AND THE UCP, UTAH LAW SHALL GOVERN.

7. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE SURETY, ONE SOUTH MAIN STREET, SALT LAKE CITY, UTAH 84111, REFERENCING LETTER OF CREDIT NO. 8957.

We hereby agree with drawers, endorsers and bona fide holders that all draft(s) drawn under and in compliance with the terms of this letter of credit will be honored upon presentation and delivery of documents to us as specified herein.
This credit is subject to the Uniform Customs and Practices for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500.

Sincerely,



Authorized Signature

EXHIBIT B

to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. _____. In accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the _____ [mine] _____ and _____ [mine permit #] _____

The Utah Division of Oil, Gas and Mining

By: _____

Authorized Signature

Date: _____

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit Number _____

_____ Date	_____ City, County	_____ Letter of Credit No.
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PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas and Mining

_____ Dollars.

TO: (Name of Bank or Surety)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 14, 1999

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor

FROM: Lynn Kunzler, Senior Reclamation Specialist

RE: Request for Approval of Redmond Minerals, Salt and Bentonite Mine, M/039/002, Sanpete County, Utah

The Division finalized the review of Redmond Minerals Salt and Bentonite mine, located in Sanpete County, Utah and tentative approval was granted September 10, 1999. The tentative approval notice was sent to the local newspapers on September 29, 1999 to begin a 30-day public comment period. No adverse comments were received for this project.

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Would you please sign and date the Reclamation Contract so we can issue final approval for the Salt and Bentonite Mine. The Letter of Credit does not require your signature. Thank you for your consideration of this request.

jb
Enclosure: MR-RC
M39-02.mem

File Number M/039/002

Effective Date Dec 15, 1999

Other Agency File Number n/a

RECEIVED

DEC 10 1999

DIVISION OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M-039-002
(Mineral Mined) Salt and Bentonite

"MINE LOCATION":
(Name of Mine) Redmond Minerals
(Description) Three miles north of Redmond
Utah in Sevier and Sanpete
Counties.

"DISTURBED AREA":
(Disturbed Acres) 90.1
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Redmond Minerals, Inc.
(Address) 6005 N. 100 W.
Redmond, Ut. 84652
(Phone) (435) 529-7402

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Parr Waddoups Brown Gee & Loveless

P.O. Box 11019

Salt Lake City, Ut. 84147

(Phone)

(801)532-7840

"OPERATOR'S OFFICER(S)":

Rhett Roberts President

Jason Nielsen Vice President

Jay Bosshardt Secretary

"SURETY":

(Form of Surety - Attachment B)

Bank letter of credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions First National Bank /

"SURETY AMOUNT":

(Escalated Dollars)

\$235,100.00

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

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WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-039-002 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

- 1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated Sept. 14, 1998, and the original Reclamation Plan dated Sept. 14, 1998. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.**
- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.**
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amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
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14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Redmond Minerals, Inc.

Operator Name

By Rhett Roberts

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position

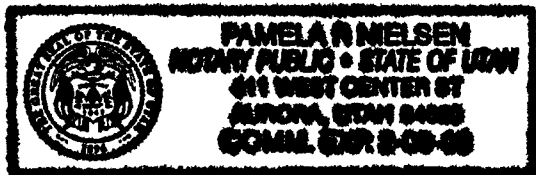
Rhett Roberts
Officer's Signature

Nov. 30, 1999

Date

STATE OF Utah)
COUNTY OF Sevier) ss:

On the 2 day of December, 19 99, personally
appeared before me Rhett Roberts who being by
me duly sworn, did say that he/she, the said Rhett Roberts
is the President of Redmond Minerals
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Rhett Roberts duly acknowledged to me that said
company executed the same.



Pamela R. Nielsen
Notary Public
Residing at: Aurora, Utah

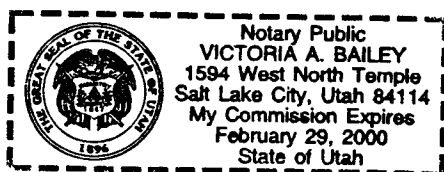
02-09-00
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 12/15/99
Lowell P. Braxton, Director Date

STATE OF State of Utah)
COUNTY OF Salt Lake) ss:

On the 15th day of December, 19 99,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: SALT LAKE CITY, UT

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

<u>Redmond Minerals, Inc.</u>	<u>Redmond Minerals</u>
Operator	Mine Name
<u>M-039-002</u>	<u>Sevier/Sanpete</u> <u>County, Utah</u>
Permit Number	

The legal description of lands to be disturbed is:

Sanpete and Sevier Counties

Portions of SW 1/4, Section: 13 Township: T20S Range: R1W

SE 1/4 of SE 1/4, Section: 14 Township: T20S Range: R1W

Portions of SE & NE 1/4, Section: 23 Township: T20S Range: R1W

Portions of SW & NW 1/4, Section: 24 Township: T20S Range: R1W

NW 1/4 of NW 1/4, Section: 25 Township: T20S Range: R1W

NE 1/4 of NE 1/4, Section: 26 Township: T20S Range: R1W

ZIONS BANK

Established in 1873

INTERNATIONAL BANKING
One South Main
Salt Lake City, Utah 84111 USA
Telephone: (801) 524-4916
Fax: (801) 322-5931

L/C No.

November 18, 1999

IRREVOCABLE LETTER OF CREDIT NO. _____
AMENDMENT

BENEFICIARY:
UTAH DIVISION OF OIL, GAS AND MINING
("DIVISION")
1594 WEST NORTH TEMPLE
SUITE 1210, PO BOX 145801
SALT LAKE CITY, UTAH 84114-5801

LETTER OF CREDIT DATE:
March 3, 1999

AMOUNT: USD228,000.00

Dear Sir/Madam:

We have been requested by REDMOND MINERALS, INC., ("OPERATOR") P.O. BOX 249 REDMOND, UTAH 84652 to amend the above referenced IRREVOCABLE LETTER OF CREDIT issued in your favor, as follows:

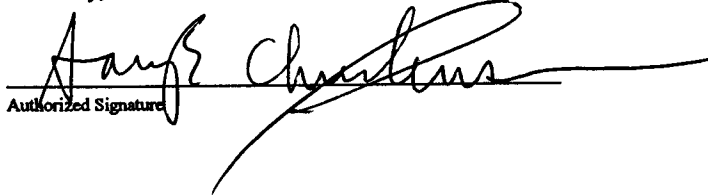
MATURITY DATE EXTENDED TO 01 MARCH 2001.

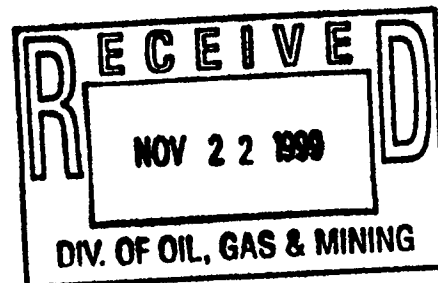
LETTER OF CREDIT AMOUNT INCREASED BY USD7,100.00 TO AN AGGREGATE AMOUNT OF USD235,100.00.

All other conditions remain the same.

* * * * *

Sincerely,

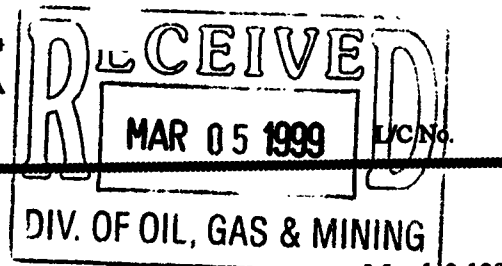

Authorized Signature



ZIONS BANK

Established in 1873

INTERNATIONAL BANKING
One South Main
Salt Lake City, Utah 84111 USA
Telephone: (801) 524-4916
Fax: (801) 322-5931



IRREVOCABLE LETTER OF CREDIT NO.

BENEFICIARY:

UTAH DIVISION OF OIL, GAS AND MINING
("DIVISION")
1594 WEST NORTH TEMPLE
SUITE 1210, PO BOX 145801
SALT LAKE CITY, UTAH 84114-5801

EXPIRATION:

March 1, 2000 or any automatically extended date as
herein below set forth
SALT LAKE CITY, UTAH
AMOUNT: USD228,000.00

Dear Sir/Madam:

At the request of REDMOND MINERALS, INC., ("OPERATOR") P.O. BOX 249, REDMOND, UTAH 84652, Zions First National Bank ("Surety") hereby establishes our Irrevocable Letter of Credit in your favor up to an aggregate amount of Two Hundred Twenty-Eight Thousand United States Dollars (USD 228,000.00) to expire at our counters on March 1, 2000 or any automatically extended date as below set forth.

1. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS: (a) 5:00 O'CLOCK P.M. (SALT LAKE CITY TIME) ON 1 MARCH 2000 OR (b) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE REDMOND MINERALS, INC. OPERATOR FROM FURTHER LIABILITY FOR RECLAMATION OF THE REDMOND CLAY AND SALT MINE, NO. M/039/002 WITH NOTICE TO BANK OR SURETY BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.
2. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS THE SURETY GIVES NOTICE TO THE DIVISION 90 DAYS PRIOR TO THE EXPIRATION DATE THAT THE SURETY ELECTS NOT TO RENEW THE LETTER OF CREDIT.
3. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. 8957 DELIVERED TO THE OFFICE OF THE SURETY, ONE SOUTH MAIN STREET, SALT LAKE CITY, UTAH 84111. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.
4. IF THE SURETY RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 3 ABOVE ON OR BEFORE THE EXPIRATION OR TERMINATION OF THIS LETTER OF CREDIT, THE SURETY WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 3 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, SALT LAKE CITY TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE SURETY'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY.
5. THE SURETY WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE SURETY, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE SURETY'S CHARTER OR LICENSE TO DO BUSINESS.

6. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDIT, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500, AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME (UCP) IN THE EVENT OF A CONFLICT BETWEEN UTAH LAW AND THE UCP, UTAH LAW SHALL GOVERN.

7. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE SURETY, ONE SOUTH MAIN STREET, SALT LAKE CITY, UTAH 84111, REFERENCING LETTER OF CREDIT NO.

We hereby agree with drawers, endorsers and bona fide holders that all draft(s) drawn under and in compliance with the terms of this letter of credit will be honored upon presentation and delivery of documents to us as specified herein.
This credit is subject to the Uniform Customs and Practices for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500.

Sincerely,



Authorized Signature

EXHIBIT B

to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. _____. In accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the _____ [mine] _____ and _____ [mine permit #] _____

The Utah Division of Oil, Gas and Mining

By: _____

Authorized Signature

Date: _____

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit Number _____

_____ Date	_____ City, County	_____ Letter of Credit No.
---------------	-----------------------	-------------------------------

PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas and Mining _____

_____ Dollars.

TO: (Name of Bank or Surety)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature